

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW HAMPSHIRE

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SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

LBRY, INC.,

Defendant.

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Civil Action No. 21-cv-00260

**PLAINTIFF’S STATEMENT OF UNDISPUTED FACTS  
IN SUPPORPT OF ITS MOTION FOR SUMMARY JUDGMENT**

Pursuant to Federal Rule of Civil Procedure 56(c)(1)(A) and Local Rule 56.1, plaintiff Securities and Exchange Commission submits this statement of undisputed material facts in support of its summary judgment against Defendant, LBRY, Inc. (“LBRY”). The following are facts for which there is no genuine issue to be tried:

1. In 2015, LBRY began developing a blockchain-enabled network (the “LBRY Protocol”).  
[Ex. 1 (Defendant’s Answer), Preliminary Statement ¶5.]<sup>1</sup>
2. LBRY developed software “to create a market for accessing and publishing information,” including the protocol and blockchain; desktop, mobile, and web user applications; software for or to operate Lighthouse, the Hub, Video CDN, reflector servers, the Distributed Hash Table, blockchain nodes, and wallet servers. [Ex. 1, Answer ¶1; Ex. 2 (LBRY’s Business “Pln”) at LBRY\_000058; Ex. 3 (LBRY’s website excerpt “Overview”); Ex. 5 (LBRY web post titled, “LBRY in 2022, dated February 11, 2022”); Ex. 6 (Excerpts from the Deposition Transcript of Alex Grintsvayg) at 15:1-16, 35:8-37:20, 53:9-24, 62:10-17, 63:19-20, 70:21-71:16, 72:10-16, 73:1-2, 73:19-74:5, 74:16-17,

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<sup>1</sup> All Exhibits are filed with the accompanying Appendix of Exhibits. Pin cites are to the pdf page number of the exhibit unless paragraph citations are used.

75:2-5, 80:1-3, 81:21-25, 82:11-15, 88:2-4, 89:9-13, 89:24-90:17, 94:5-11, 24-25, 97:10-16, 102:13-103:1, 110:20-22, 130:18-31:14, 179:6-13, 186:8-10, 189:11-13; Ex. 7

(Excerpts from the Investigative Testimony of Jeremy Kauffman) at 50:24-51:1; Ex. 8

(Excerpts from the Investigative Testimony of Joshua Finer) at 67:6-68:3.

3. LBRY describes itself as a company founded to create a way to distribute and purchase digital content that would be open to the public and would not involve an intermediary. [Ex. 1, Answer ¶14.]
4. LBRY first targeted video distribution and sought to compete with YouTube, Amazon, and other video entertainment platforms. [Ex. 1, Answer ¶14.]
5. The protocol is a set of digital rules that govern the transfer of data between electronic devices. For LBRY, this is called the “LBRY Protocol.” [Ex. 1, Preliminary Statement ¶5; Ex. 7 at 35:4-36:11.]
6. LBRY “launched” the LBRY blockchain in June 2016. [Ex. 6 at 212:10-213:7, 214:24-215:8; Ex. 9 (LBRY Web Post titled “Celebrating 5 Years of the LBRY Blockchain”).]
7. This launch consisted of “mining” the first “block” of the LBRY blockchain. [Ex. 6 at 212:10-213:7, 214:24-215:8.]
8. LBRY has created different user applications, including downloadable and for the web and mobile devices, and has ended some as well. LBRY created the LBRY desktop application, spee.ch, LBRY.tv, mobile applications, and Odysee.com, and ended spee.ch and LBRY.tv. [Ex. 1, Answer ¶ 15; Ex. 6 at 21:7-13; 24:8-13; 53:9-11, 88:2-4; 102:13-103:24, 189:11-190:17; Ex. 7 at 50:24-51:1.]
9. LBRY developed the software required for the user applications to interact with the blockchain. [Ex. 6 at 59:9-60:10; Ex. 7 at 38-42: 9-19; Ex. 8 at 106:14-107:6.]

10. LBRY spokesman, Thomas Zarebczan, stated publicly that it was “re-hosting all content uploaded” to the LBRY Network.<sup>2</sup> [Ex. 10 (Reddit Post and Thread Excerpt, re: How is LBRY Content Hosted) at 2.]
11. LBRY hosted petabytes of videos on its servers located around the world. [Ex. 11 (Excerpts from LBRY’s Response and Objections to Second Set of Interrogatories), Response 16.]
12. LBRY developed servers that allow search functionality and enhanced user download speeds. [Ex. 5; Ex. 6 at 62:10-17, 63:19-20, 70:9-25, 70:21-71:16, 71:17-72:16, 73:1-2, 74:24-75:18, 83:9-84:8, 85:6-10, 89:17-23, 116:15-117:6, 118:19-119:4, 121:1-9, 172:20-74:7; 181:5-25; Ex. 11, Response No. 17; Ex. 12 (LBRY Development Update for February 2020); Ex. 13 (Excerpts from LBRY’s Response and Objections to First and Second Requests for Admissions), Response No. 9; Ex. 125 (Excerpts from LBRY’s Amended Responses and Objections to First Requests for Admissions), Response No. 11.]
13. LBRY defended the LBRY blockchain from attack in 2020 when the attacker got control of more than 51% of the hashrate. Ex. 6 at 195:1-197:24, 197:14-18; Ex. 14 (March 1, 2021 e-mail from Niko Storni to Team@lbry.com).]
14. LBRY fought off the attacker because he was doing something that is against what users of the LBRY Network would want. [Ex. 6 at 198:14-19.]
15. LBRY offered LBC to trading platforms if they lost LBC due to the attack. [Ex. 6 at 201:2-12.]

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<sup>2</sup> The protocol, blockchain, and associated software and hardware, collectively, are referred to as the “LBRY Network.”

16. While much of LBRY's software is open-source and available on a software-sharing site, LBRY controls editorial rights to the software operating on the LBRY Network. No one other than LBRY employees and authorized contractors can edit or change LBRY's master copy of its software. [Ex. 6 at 17:25-18:3, 35:8-17, 36:14-15, 54:15-56:5, 57:21-58:17, 95:1-4, 202:16-22, 205:14-19; 269:7-270:19; Ex. 7 at 25:22-23, 39:11-25, 49:3-8, 51:2-17, 61:2-65:13; Ex. 8 at 104:23-106:7, 106:4-7; Ex. 15 (Excerpts from LBRY's Response and Objections to First Set of Interrogatories), Response No. 12; Ex. 16 Excerpts from the Investigative Testimony of Thomas Zarebczan) at 191:12-13.]
17. LBRY cannot unilaterally change a blockchain consensus rule of the LBRY Protocol, i.e. a "hard fork." [Ex. 6 at 146:18-147:9.]
18. Only LBRY has proposed a hard fork to the Protocol and each hard fork that it proposed was adopted by the other users of the Protocol. Ex. 6 at 144:9-146:15, 149:13-22, 151:1-3, 163:10-17; Ex. 17 (LBRY's Website Excerpt: June and July 2018 updates); Ex. 18 (LBRY's Website Excerpt: February and March 2019 updates); Ex. 19 (LBRY's Website Excerpt: October and December 2019 updates).]
19. LBRY maintained an email list to notify members of the public about any future hard forks. [Ex. 6 at 148:19-149:3; Ex. 17.]
20. LBRY has worked continuously to grow the number of people using the LBRY Network. [Ex. 8 at 40:11-41:7; Ex. 20 (Excerpts from the Deposition of LBRY's 30(b)(6) witness) at 141:18-142:6, 194:25-195:20; Ex. 23 (LBRY FaceBook site).]
21. The purpose of LBRY's website is to encourage people to use the LBRY Network. [Ex. 20 at 141:18-142:6.]

22. The purpose of LBRY’s CEO going on a podcast was to encourage people to use the LBRY Network. [Ex. 20 at 141:18-142:6.]
23. LBRY encouraged creators and producers to publish their content to the LBRY Protocol and publicized the LBRY Protocol so that users would access and use the product LBRY built. [Ex. 1, Answer, ¶ 15.]
24. LBRY has developed an automated system called the YouTube sync system to download videos from YouTube, host them on its servers, and publish them to the LBRY Network [Ex. 6 at 172:20-174:7, 181:5-25, 185:4-10, 186:8-10, 218:14-17; Ex. 7 at 119:13-19, 350:19-353:12; Ex. 20 at 120:4-121:5; Ex. 21 (LBRY’s Website Excerpt: What is YouTube Sync?); Ex. 22 (Excerpts from the Deposition of Jeremy Kauffman) at 33:14-18, 139:21-140:19.]
25. LBRY ceaselessly promoted the LBRY Network to attract consumers. [Ex. 20 at 141:18-142:6; Ex. 23.]
26. LBRY provided incentives to attract publishers and consumers. [Ex. 7, at 119:13-19, 352:24-353:12; Ex. 8 at 241:13-25; Ex. 16 at 94:21-23; Ex. 20 at 105:3-23, 109:12-14, 120:4-121:5; Ex. 94 (LBRY Website Excerpt: “What are LBRY Rewards?”); Ex. 95 (LBRY Website Excerpt: “Monetization of Content”); Ex. 96 (LBRY Website Excerpt: “New Creator Rewards (Views, Follows) and YouTube Program Improvements).]
27. In “roadmaps” posted on its website and on social media, LBRY outlined its “top priorities, definitions of success, status, and target completion dates for key initiatives.” [Ex. 20 at 216:8-217:20; Ex. 23; Ex. 24 (LBRY’s Website Excerpt: Jeremy Kauffman post: “Open Beta? New Features? Keep Your Eye on the LBRY Roadmap”); Ex. 25 (LBRY’s Website Excerpt: “LBRY Roadmap” – 2019); Ex. 26 (LBRY’s Website

Excerpt: “LBRY Roadmap” – 2020); Ex. 27 (Social Media message thread, dated August 5, 2019: discussing LBRY roadmap and investing in LBC); Ex. 28 (LBRY’s Website Excerpt: “LBRY Roadmap” – through 2018); Ex. 29 (Excerpts from the Deposition of James Goldstein) at 57:17-19.]

28. On its publicly available website, LBRY highlighted and publicized its employees, including advertising their technical prowess and business acumen, thereby representing that LBRY’s team could create and build its network. LBRY posted about its Leadership Team and stated that:

- a. “[CEO] Jeremy [Kauffman] knows how to build and scale a startup starting from day one. He knows how to deliver usable products and get those products in front of the right people.”
- b. About Chief Technical Office Alex Grintsvayg, “Bringing LBRY to mainstream scale is his primary goal.”
- c. About its App Engineer, “Sean is an app engineer focused on user experience, which means he spends his time making the LBRY app easier to use.”
- d. Another engineer was, “in charge of providing LBRY with the right server infrastructure, vital for everyone to enjoy a smooth and safe experience.”
- e. And for its VP of Growth, “Julian’s focus has been on how to take LBRY to the next level.”

[Ex. 4 (LBRY’s Website Excerpt: Team).]

29. LBRY also conducted interactive forums with the public where LBRY informed the public what they were working on and answered questions posed by the audience. [Ex. 7 at 184:11-21; Ex. 30 (“Answers to the Big Questions from our Reddit AMA,” by Mike

Vine, dated September 28, 2016.”); Ex. 31 (Audio Archive of “Ask Me Anything (AMA),” with Jeremy Kauffman, dated July 9, 2020); Ex. 32 (LBRY’s Website Excerpt: March 2018 update).]

30. In a July 15, 2016 post on its website titled “\$1.2B Market Cap and We Don’t Care,” LBRY discussed its “market cap” of \$1.2B based on LBC at a “2 week high” of \$2.93/LBC). LBRY made several statements about LBC in that post including:
- a. “Sure, some people are just seeing a price chart [for LBC] moving straight up and deciding to join the ride.”
  - b. “Given all that, are current trading prices [for LBC] justified? .... no one really knows. What we do know is that the long-term value proposition of LBRY is tremendous, but also dependent on our team staying focused on the task at hand: building this thing. We’re still a humble little protocol, with a beta GUI [graphical user interface] app that only runs on OSX and Linux. It currently allows around 1000 people to play 3 videos .... We’re frantically debugging and working on rolling out publishing tools.”
  - c. “bidding up Credits doesn’t really help us get to the next step. We have decided to adopt a policy of neutrality toward the price, and we will be as transparent as possible about our plans for the pre-mined Credits.”
  - d. “But our focus now and henceforth will be on the long-term value of the LBRY protocol. Over the long-term, the interests of LBRY and the holders of Credits are aligned.”

[Ex. 33 (“\$1.2B Market Cap and We Don’t Care,” by Mike Vine, dated July 15, 2016).]

31. LBRY stated that “[w]e hope to keep improving the app, protocol and continue our content acquisition process. Our goal is to create value for the LBC token and we hope our current path does so organically.” [Ex. 34 (Reddit Post and Thread Excerpt, re: Sell or Hold [LBC]).]
32. In a September 28, 2016 post on its website titled, “Answers to Big Questions from Our Reddit AMA” (authored by Mike Vine), LBRY addressed the question “How does the company behind LBRY make money?” Here was their answer: “The LBRY protocol has a built-in digital currency that allows it to function, called LBRY Credits. These credits are very similar to bitcoins. Having a built-in digital currency creates an opportunity for a new kind of business that had never existed: the protocol-first enterprise. .... LBRY has reserved 10% of all LBRY credits to fund continued development and provide profit for the founders. Since Credits only gain value as the use of the protocol grows, the company has an incentive to continue to developing this open-source project.” LBRY also stated, “Our goal is to increase the long-term value of the protocol, which if adopted globally will make our reserve [of LBC] many times more valuable than any short-term bubble. We’ve already invested 10,000 working hours into this project, and it will take many more, but we’re patient and focused on the future.” [Ex. 30.]
33. From 2016 through March 10, 2022 in its Frequently Asked Questions on its website, LBRY stated that “LBRY Inc. has reserved 10% of all LBRY Credits to fund continued development and provide profit for the founders. Since Credits only gain value as the use of the protocol grows, the company has an incentive to continue developing this open-source project, and we can do it all without taking a percentage of anyone’s transactions.”



[Ex. 20 at 170:10-171:1; Ex. 35 (LBRY’s Website Excerpt: “How does the company behind LBRY make money”); Ex. 36 (GitHub History of LBRY Webpage re: FAQ - “How does the company behind LBRY make money”); Ex. 106 (Excerpts from LBRY’s Response and Objections to Second Request for Admissions), Response No. 28.]

34. From 2016 through March 10, 2022 in its Frequently Asked Questions on its website, LBRY stated that “LBRY Credits have already experienced a bubble...Our goal is to increase the long-term value of the protocol, which if adopted globally, will make our reserve many times more valuable than any short-term bubble. We’re patient and focused on the future.” [Ex. 20 at 170:10-172:17; Ex. 35; Ex. 36; Ex. 106, Response No. 28.]
35. In an interview published on February 6, 2016, Mike Vine made clear that LBRY would be putting its efforts into developing and managing the LBRY Network. Vine stated that “we [LBRY] plan to do a managed rollout of the protocol. In other words, we the founders are not simply going to release our system and hope that people adopt it. That’s not how applications typically succeed.” He also stated, “we [LBRY] view LBRY as a network app startup like Facebook was in its early days. It will be up to us to make the strategic decisions that see user adoption grow exponentially and make the network a viable competitor to centralized services like Netflix or iTunes.” [Ex. 37 (“The Appcoin Revolution: Interview with Mike Vine of LBRY,” dated February 2016) at 2.]
36. In that same interview published on February 6, 2016, Vine stated, “if Bitcoin adoption levels off and LBRY apps are used by billions of people, then cryptocurrency speculators and users may decide that they feel more comfortable holding and using an asset that has a more widely-demanded end use.” [Ex. 37 at 3.]

37. In a blog post, LBRY stated, “[The token] provides a source of funding for the development of the protocol. The creators can use the token to pay for the salaries and equipment required to get it started ... For the first time ever, it’s economically feasible for companies to compete to create the best technology instead of capture and then abuse their users. That’s why we’re building LBRY, and it’s why we’re open source.” [Ex. 38 (LBRY’s Website Excerpt: “Block is Love, Blockchain is Life,” by Jeremy Kauffman, dated January 10, 2018).]
38. LBRY designed the LBRY Protocol to include a digital asset called LBRY Credits, or “LBC.” [Ex. 1, Preliminary Statement, ¶5.]
39. LBRY designed the LBRY Protocol so that LBC are created over time, with a planned total volume around 1 billion LBC. [Ex. 1, Preliminary Statement, ¶11.]
40. LBC can be used to make at least four types of transactions on the LBRY Network: paying to watch video content; tipping content creators; pledging LBC as a “stake” of support for content or a creator; and claiming a name for particular content. [Ex. 6 at 159:25-161:25; 220:24-225: 4; Ex. 20 at 147:25-148: 3.]
41. LBRY designed the protocol to award to itself the first 400 million LBC. At launch, LBRY retained 400 million LBC for its own use, and the remaining 600 million LBC will be distributed via mining over the course of 20 years. [Ex. 1, Preliminary Statement, ¶11.] This reserve is sometimes called the pre-mine. [Ex. 20 at 18:19-24.]
42. On March 17, 2016, LBRY posted “Why Doesn’t LBRY Just Use Bitcoin?” on its website. This post stated, “In the early days of our protocol, LBRY Inc. will be making a concerted effort to deploy LBC in a non-neutral way. We will be incentivizing early adopters, amazing content publishers, and even nonprofits which share our vision of a

free and open Internet. We will be retaining a portion to finance the continued development of the ecosystem. LBRY credits will work on behalf of the LBRY content distribution network, not the other way around.” [Ex. 39 (LBRY’s Website Excerpt: “Why Doesn’t LBRY Just Use Bitcoin?” by Samuel Bryan, March 17, 2016) at 2.]

43. In a blog post on LBRY’s website entitled “What is LBRY doing with non-mined Credits?” LBRY explained that it had divided the pre-mine into three funds. The first (“Operational Fund”) held 100 million LBC, and LBRY publicly represented that it was to “allow LBRY, Inc. to function and profit....” The second (“Institutional Fund”) was another 100 million LBC reserved for “institutional partnerships.” The third (“Community Fund”) was reserved for spreading usage and adoption of the LBRY protocol, including recruiting content producers (who were given LBC for publishing on LBRY), attracting video content consumers (who were given LBC to watch videos), and “rewarding community contributors” (who were given LBC for LBRY community-building efforts). [Ex. 40 (LBRY’s Website Excerpt: “What is LBRY doing with non-mined Credits”).]
44. LBRY’s pre-mine made LBRY the largest holder of LBC. [Ex. 1, Answer ¶11.]
45. In a website post titled “What is LBRY doing with non-mined Credits?”, LBRY stated “no one believes in the LBRY protocol more or has more incentive for its success, than LBRY, Inc. We believe LBRY can be a world-altering technology and as such, our intentions are to minimize the expenditure of these credits [from the Operational Fund] until we’ve achieved that goal.” [Ex. 40.]
46. LBRY facilitated the listing of LBC on digital asset trading platforms. [Ex. 8 at 243:13-247:14; Ex. 20 at 155:2-13.]

47. LBRY hired Altonomy, a “market maker,” to provide liquidity and decrease short-term price volatility to traders. [Ex. 22 at 70:4-21; Ex. 97 (LBRY Web Post titled, “LBRY + Altonomy: Market-Making Partnership,” dated June 29, 2020).]
48. In an interview dated July 5, 2016, LBRY’s Mike Vine stated, “The value of LBRY credits will be tied to the success of our media marketplace.” He also stated that, “there may be ways as the ‘market maker’ of LBRY credits to basically make it more expensive for people to abuse the network.” [Ex. 41 (“Making Netflix and Youtube Outdated: How Blockchain Changes Media,” July 5, 2016 (Mike Vine interview)).]
49. In a December 2017 post on the website Reddit, LBRY’s community manager wrote, “LBRY did not run an ICO, but instead allocated credits for various purposes. The only way those credits are worth something in the future is if LBRY delivers on their promises to create a revolutionary way to share and monetize content.” [Ex. 42 (Reddit Post and Thread Excerpt, re: LBRY).]
50. In a January 2018 post on LBRY’s website, entitled “Blockchain Is Love, Blockchain is Life,” LBRY’s CEO Jeremy Kauffman stated that a “token has value in proportion to the usage and success of the network.” Kauffman also stated that “This is a revolution in the incentives around protocol creation. It means that the people who discover and utilize a new protocol of network when it’s just getting off the ground can reap substantial value by being there first.... It provides a source of funding for the development of the protocol. The creators can use the token to pay for the salaries and equipment to get it started.” [Ex. 38 (LBRY’s Website Excerpt: “Block is Love, Blockchain is Life,” by Jeremy Kauffman, dated January 10, 2018) at 3.]

51. In a website post titled “What is LBRY doing with non-mined Credits?” LBRY stated, “LBRY, Inc. reserves the rights to do whatever it wants with these credits at any time, to be deployed in the best interests of LBRY, Inc.” [Ex. 40.]
52. In a November 15, 2016 post on the LBRY website, LBRY CEO Jeremy Kauffman stated, “LBC will go up when we've built a product that is compelling enough to change people's habits. A product that causes people to use it instead of YouTube, Gumroad, Amazon, or Streamable...We'll be focusing all of our efforts entirely on creating a product that people will love and getting that product in front of the people that will love it.” [Ex. 43 (LBRY’s Website Excerpt: “Acryptypical: The CEO of LBRY on the Price of the LBC”) at 3.]
53. In a December 6, 2017 Reddit post LBRY’s community manager wrote, “LBRY is still in its infancy in terms of a platform and content – personally, I think there is lots of room for improvement and growth, which would lead to higher utilization of LBRY credits and hopefully a higher value due to the network effect.” [Ex. 44 (Reddit Post and Thread Excerpt, re: LBRY (“Isn’t the coin overpriced right now?")) at 2.]
54. In March 2022, LBRY still represented on its website that LBC will only gain value as the use of its Network grows. [Ex. 35; Ex. 106 (Excerpts from LBRY’s Response and Objections to Second Request for Admissions), Response No. 28.]
55. In an October 14, 2020 post on its website entitled “The LBRY Economy”, LBRY stated, “But the economy has stagnated: Despite increased usage, the amount of LBRY Credits being used to support content has held flat. If the economy and token design are working, this number should be growing as fast or faster than usage.” In its post, LBRY stated, “Tokens are highly liquid and there are some seductive, possibly too-good-to-be-

true, alternatives out there. This can make it appealing to ‘come back’ to LBRY later. But while the LBRY economy is impacted by external factors and cycles, the ability to create a compelling token economy centered around digital content exchange is imminently achievable. The demand for user-owned and controlled alternative to YouTube and big tech could not be more clear. We just need to make some tweaks.” In its post, LBRY stated it would partner with and align long-term incentives with blockchain promoters and influencers. LBRY also affirmed that it was building the LBRY software: “One of the biggest mistakes we think other blockchain companies make is assuming that some third-party will magically [sic] build a world-class application for \$xyz in cash and prizes. Applications used by billions of people can be worth trillions of dollars. Why deliver that value to someone else’s chain, when you can just own the whole stack? .... LBRY is building exceptional software.” [Ex. 46 (LBRY Web Post entitled, “The LBRY Economy,” dated October 14, 2020).]

56. LBRY’s business plan relied on its belief that the value of LBC would go up with the growth of the LBRY Network. [Ex. 2 at LBRY\_000062-63; Ex. 7 at 128:15-25, 129:16-21; Ex. 8 at 194:25-195:9; Ex. 47 (LBRY’s LBC Value Model & Projected Value of its LBC Reserve or Pre-mine).]
57. LBRY projected that its pre-mine would be worth billions of dollars when it built the LBRY Network to scale. [Ex. 47; Ex. 48 (August 9, 2016 e-mail from Jeremy Kauffman re: Betting on Laws of Economics; attaching “lbry-deck.pdf”) at 11; Ex. 49 (November 10, 2020 e-mail from Jeremy Kauffman re: \$11 million in 11 sentences); Ex. 50 (LBRY investor pitch deck outline & talking points) at 5; Ex. 51 (LBRY Plan, Share, Earn deck) at 10.]

58. In June 2019, LBRY's CEO Kauffman testified, "I believe that if we achieve the long-term potential of this project, the credits would be more valuable than they've ever been worth." [Ex. 7 at 188:7-188:11.]
59. In June 2019, LBRY's CEO Kauffman testified, "I believe that credits gain value as the use of the protocol grows." [Ex. 7 at 186:18-19.]
60. In June 2019, LBRY's CEO Kauffman testified that the growth of the protocol creates an incentive for the LBRY to continue developing the project. [Ex. 7 at 186:18-23.]
61. LBRY employees bought LBC, held LBC, considered themselves investors in LBC, and believed or hoped that LBC would increase in value. [Ex. 7 at 333:12-333:24; Ex. 8 at 150:8-22, 236:4-19; 237:15-238:3, 242:10-21, 290:6-291:8; Ex. 16 at 50:7-11, 52:6-20; 164:7-18, 181:14-182:18; 196:15-196:7; Ex. 52 (LBRY slack message thread starting with message from Sigwart, dated October 5, 2017) at 16-17; Ex. 53 (LBRY slack message thread starting with message from "natalie," dated November 28, 2017) at 4; Ex. 54 (LBRY slack message thread starting with message from Zarebczan, dated December 19, 2017) at 23; Ex. 55 (Reddit Website Excerpt, re: LBRY- 7 Questions before you invest); Ex. 56 (LBRY spreadsheet listing employees in Employee LBC Purchase Program – redacted).]
62. LBRY employees created an internal channel in a messaging application called Slack to discuss the price of LBC. [Ex. 16 at 191:24-192:10; Ex. 34].
63. LBRY's CEO wrote to its board member (and venture capital partner) in June 2017, "the price of LBRY credits has been continuing to rise (currently ~\$0.35) as more people realize what we've built." [Ex. 57 (June 5, 2017 e-mail from Jamie Goldstein re: Credit Sale v. Traditional Fundraise).]

64. When prices rose and LBRY needed cash to keep developing the LBRY Network, it sold LBC on trading platforms. [Ex. 8 at 196:17-20, 197:15-198:8, 199:19-200:5; Ex. 83 (LBRY’s Website Excerpt: “Credit Policy and 3<sup>rd</sup> Quarter Credit Report”); Ex. 98 (May 1, 2020 e-mail from Jeremy Kauffman re: Some Quick Hits, attaching “two-million”).]
65. In August 2016, a LBRY executive told an investor, “[t]he opportunity is obvious – buy a bunch of credits, put them away safely, and hope that in 1-3 years we’ve appreciated even 10% of how much Bitcoin has in the past few years. If our product has the utility we planned, a credit should appreciate accordingly.” [Ex. 8 at 40:11-7; Ex. 58 (August 17, 2018 e-mail from Josh Finer: LBRY Credits Now Trading – LBC).]
66. In a pitch deck (a presentation used to sell an idea, product, or investment) sent to potential venture capital investors in May 2020, LBRY explained “How LBRY Profits,” including that LBRY held 350M LBC, and “1 LBC could be worth \$100 or more if LBRY becomes protocol of choice for media distribution.” [Ex. 59 (May 20, 2020 e-mail from Jeremy Kauffman re: Data on LBRY, attaching “lbry-deck-20200427”).]
67. The public responded to LBRY’s pronouncements and bought LBC on digital asset trading platforms. [Ex. 60 (CoinMarketCap Summary of LBC Trading, July 2016 through June 2019); Ex. 61 (CoinMarketCap Summary of LBC Trading, June 2019 through December 2021).]
68. By July 15, 2016, LBC had achieved a market capitalization of \$1.2 billion. At the time, LBRY had limited access to its applications to only 2,000 software testers and the availability of about three videos. [Ex. 33 (“\$1.2B Market Cap and We Don’t Care,” by Mike Vine, dated July 15, 2016).]



69. From July 2016 through at least March 2021, the daily trading volume LBC on the digital asset trading platforms has consistently exceeded any new LBC usage by publishers or consumers using the LBRY blockchain. [Ex. 45 (Excerpt-summary of LBRYnomics data from LBRY\_SEC00056705); Ex. 60; Ex. 61.]
70. In 2020, LBRY transferred millions of LBCs to publishers as part of its rewards programs using a mechanism that recorded the transfer as a form of usage on the LBRY blockchain. [Ex. 6 at 216:3-217:2; Ex. 62 (Q4 2020 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 63 (Q3 2020 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 64 (Q2 2020 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 65 (Trading Records of LBRY’s sales of LBC on CoinEx).]
71. On December 31, 2019, approximately 470,000 LBC were recorded on the LBRY blockchain as having been used that day for either claims, supports/tips, or payments (including LBRY transfers). [Ex. 99 (LBRYnomics data excerpts from December 31, 2019).]
72. On December 31, 2019, about 10.3 million LBC were bought or sold on trading platforms. [Ex. 66 (CoinMarketCap Summary of LBC Trading, November 2019 through January 2020) at 3.]
73. On December 31, 2020, about 951.4 million LBC was traded on trading platforms. [Ex. 67 (CoinMarketCap Summary of LBC Trading, November 2020 through January 2021) at 3.]
74. By December 31, 2020, the total amount of LBC that had accumulated in claims and supports/tips and been used for payments on the LBRY Network since the launch of the

blockchain in June 2016 was 39.6 million LBC. [Ex. 100 (LBRYnomics data excerpts from December 31, 2020).]

75. LBC holders discussed their investment in LBC on messaging boards and social media and complained about the price of LBC. [Ex. 52, at 7; Ex. 16 at 197:7-198:17; Ex. 44 (Reddit Website Excerpt, re: LBRY (“Isn’t the coin overpriced right now?”)); Ex. 101 (Reddit post titled “\$0.25!” and thread from March 2021 discussing price of LBC); Ex. 105 (Reddit post and thread re: “this coin needs a rebrand,” dated February 21, 2018).]
76. In mid-March 2021, when the price of LBC increased, investors on one social media site tried to determine which recent development announcement by LBRY caused the price to go up. [Ex. 101.]
77. Crypto enthusiasts published articles touting LBC as an investment, and internally, LBRY called LBC traders investors and speculators. [Ex. 7 at 195:2-195:7; Ex. 16 at 115:24-119:11, 163:17-164:3; Ex. 52, at 9, 12-13; Ex. 116 (Web article authored by UVCoins titled, “LBRY – Undervalued Coin? Fundamental and Technical Analysis” dated January 2, 2018); Ex. 102 (LBRY Tweet by Zarebczan, from March 2018, re: Binance and investor hype); Ex. 123 (Odysee-branded LBRY Investor Pitch Deck); Ex. 124 (Article titled, “Buy Equity or Tokens – Let’s Do the Math,” drafted by LBRY investor).]
78. From 2015 to the present, LBRY offered and sold LBC to individuals and entities in exchange for U.S. currency, bitcoin, or other considerations such as their services. [Ex. 1 Answer, ¶¶ 1-2, 25.]

79. At present, LBRY has sold more than 200 million LBC (half of the LBC it first reserved for itself) during this offering. [Ex. 1 Answer, Prelim. Statement, ¶11; Ex. 68 (Amended Response to Interrogatories) Amended Response No. 5.]
80. Between 2016 and September 30, 2021, LBRY deposited into its bank accounts approx. \$12.2 million in proceeds derived from sales of LBC. It also holds approx. \$2.5 million in digital assets (other than LBCs) that it received from sales of LBC. [Ex. 15, Response No. 9.]
81. LBRY has used proceeds from its sales of LBC solely for the purpose of funding activities in support of the development, promotion, and growth of LBRY, the LBRY Network, and the LBRY community. [Ex. 15, Response No. 10.]
82. From July 2017 through at least July 2021, LBRY sold LBC on digital asset trading platforms to raise capital for its business operations and the further development of the LBRY Network. [Ex. 1 Answer, ¶¶21-22; Ex. 15, Response No. 10; Ex. 65 (Trading Records of LBRY's sales of LBC on CoinEx); Ex. 69 (September 17, 2019 letter from LBRY to Binance/Calvin re: Listing of LBC) at 4.]
83. During 2017-2018 and 2020-2021, LBRY sold LBC on different trading platforms, including Bittrex, Poloniex, and CoinEx, all of which listed LBC for public trading. [Ex. 20 at 74:22-75:7; Ex. 8 at 189:1-14, 194:11-195:9; Ex. 62 (Q4 2020 LBRY Quarterly Credit Report – excel spreadsheet; Ex. 63 (Q3 2020 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 64 (Q2 2020 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 65 (Trading Records of LBRY's sales of LBC on CoinEx); Ex. 70 (LBRY's Website Excerpt: "Quarterly Credit Report, Third Quarter of 2017"); Ex. 71 (LBRY's LBC trading records on Bittrex and Poloniex from 2017-2018); Ex. 72 (Q1 2020 LBRY

- Quarterly Credit Report – excel spreadsheet); Ex. 73 (Q3 2017 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 74 (Q4 2017 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 75 (Q1 2018 LBRY Quarterly Credit Report – excel spreadsheet).]
84. Prior to January 1, 2021, LBRY sold more than 39 million LBC on digital asset trading platforms from its Operational Fund. [Ex. 62; Ex. 63; Ex. 64; Ex. 72; Ex. 73; Ex. 74; Ex. 75.]
85. In 2021, LBRY sold approximately 5.1 million LBC from its Operational Fund on CoinEx. [Ex. 65.]
86. In 2020, LBRY partnered with MoonPay, Inc. to offer LBC directly through LBRY’s website and applications. [Ex. 22 at 102:20-104:3; Ex. 103 (MoonPay affiliate agreement - excerpt).]
87. LBRY sold more than 9.8 million LBC with MoonPay’s assistance from May 2020 through November 2021. [Ex. 104 (Summary of Moonpay00001 showing totals of sales of LBC by LBRY made with MoonPay’s assistance).]
88. In total, LBRY has sold more than 80 million LBC from its Operational Fund either on trading platforms, to employees or contractors, or through its website or applications. [Ex. 20 at 86:3-87:20; Ex. 68, Amended Response No. 5.]
89. LBRY believed the traders on the platforms were speculators and investors. [Ex. 7 at 195:2-195:7; Ex. 16 at 115:24-119:11, 163:17-164:3; Ex.52; Ex. 102.]
90. In June 2020, LBRY hired Altonomy, Inc. to perform market making services in LBC on multiple digital asset trading platforms. [Ex. 22 at 70:4-21, Ex. 97 (LBRY Web Post titled, “LBRY + Altonomy: Market-Making Partnership,” dated June 29, 2020).]

91. LBRY's objective in hiring Altonomy was to provide liquidity in the LBC market and reduce the short-term volatility in the price of LBC. [Ex. 22 at 70:4-21; Ex. 97.]
92. LBRY at first transferred 40 million LBC to LBRY accounts controlled by Altonomy to build its positions and buy and sell LBC. [Ex. 1, Answer, ¶34.]
93. Later in 2020, LBRY transferred another 1.8 million LBC for market making. [Ex. 62.]
94. From June 2020 through March 2021, LBRY, through Altonomy's market making efforts, bought and sold more than 7.4 billion LBC on the trading platforms. [Ex. 97; Ex. 107 (Excerpt from Bittex LBC trading records showing accounts with largest trading volume [Bittrex-SECLBRY-0000002]).]
95. Any cash proceeds generated from sales through Altonomy's market making efforts were transferred to LBRY's bank accounts and used for operational expenses. [Ex. 106 (Excerpts from LBRY's Response and Objections to Second Request for Admissions), Response No. 30.]
96. From 2016 through 2020, LBRY offered and sold more than 3.7 million LBC to institutional investors. [Ex. 63; Ex. 74; Ex. 75; Ex. 81 (Token Issuance Agreement between LBRY and Pillar I (AIV), LP); Ex. 92 (Q2 2018 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 108 (Q3 2016 LBRY Quarterly Credit Report – excel spreadsheet).]
97. From October 2017 through April 2018, LBRY sold LBC from its reserves to investment clubs run by a company called FlipSide Crypto. Flipside Crypto was running crypto asset "investment clubs" and wanted to include LBC as part of the crypto assets it was buying for club members. [Ex. 1, Answer, ¶5; Ex. 76 (Excerpts from the Deposition of

David Balter) at 13:19-23, 19:6-14; Ex. 77 (September 30, 2017 e-mail from David Balter re: LBC).]

98. Flipside Crypto bought LBC directly from LBRY rather than through a cryptocurrency exchange. [Ex. 77; Ex. 78 (October 3, 2017 e-mail from Josh Finer re: LBC).]
99. Flipside Crypto requested and received a discounted price for LBC from LBRY. [Ex. 77, Ex. 78.]
100. LBRY continued to sell LBC to Flipside Crypto's clubs through the Spring of 2018. In each case, LBRY sold the credits to Flipside Crypto at a 5% discount from the price LBC was trading on a digital asset exchange that day. [Ex. 76 at 159:22-24; Ex. 79 (April 4, 2018 e-mail from Phil Picariello re: LBC Buys for Club 5 & 6).]
101. LBRY's sales to FlipSide Crypto were as follows:

| Date         | Volume of LBC Sold | Value            |
|--------------|--------------------|------------------|
| 10/3/2017    | 264,661            | \$52,800         |
| 11/20/2017   | 375,208            | \$67,500         |
| 1/29/2018    | 136,008            | \$84,937         |
| 4/1/2018     | 327,352            | \$55,650         |
| <b>TOTAL</b> | <b>1,103,229</b>   | <b>\$260,887</b> |

[Ex. 69 (Sept. 17, 2019 letter from LBRY to Binance/Calvin re: Listing of LBC) at 4.]

102. At the time of the sale of the LBC, LBRY had been told that they were selling to a small number of individuals; that the tokens would be put in "cold storage." [Ex. 77].
103. In May 2018, LBRY agreed to sell 2 million LBC (then worth about \$360,000) to its equity investor, Pillar. [Ex. 80 (May 30, 2018 e-mail from Jeremy Kauffman re: Pillar Note Restructure); Ex. 81 (Token Issuance Agreement between LBRY and Pillar I (AIV), LP).]

104. Pillar’s deal to receive the 2 million LBC followed a discussion about increasing Pillar’s equity share of LBRY. [Ex. 80; Ex. 81.]
105. The Token Issuance Agreement states that the 2M LBC are “in consideration of the extension by affiliates of the Grantee [Pillar] of the maturity date of indebtedness owed to Grantee by the Company [LBRY], and other good and valuable consideration provided by Grantee and its affiliates from time to time.” [Ex. 81.]
106. Under the Token Issuance Agreement, the 2 million tokens were subject to a lockup period”; Pillar could not “sell, transfer, spend, exchange or otherwise make use of the Tokens until the date one year” after the date of the Agreement. [Ex. 81.]
107. Shapeshift was a digital asset trading platform that allowed users to convert between different forms of digital assets (e.g., from Bitcoin to LBC and back). In 2016, LBRY sold 100,000 LBC to Shapeshift at a discount to the market price at the time. [Ex. 7 at 217:9-25; Ex. 8 at 168:4-6; Ex. 20 at 14:24-15:12, 17:14-16; Ex. 82 (September 1, 2016 e-mail from Mike Vine re: lbry tweet); Ex. 83 (LBRY’s Website Excerpt: “Credit Policy and 3<sup>rd</sup> Quarter Credit Report”); Ex. 84 (Excerpts from the Deposition of Michael Finger) at 143:3-6.]
108. In 2020, LBRY sold 500,000 LBC to digital asset trading platform CoinEx. [Ex. 63; Ex. 85 (LBRY’s Website Excerpt: “Quarterly Credit Report: Third Quarter 2020).]
109. From 2015 to the present, LBRY has sold more than 2.6 million LBC to employees and contractors either as part of their compensation or through LBRY’s employee LBC purchase program. [Ex. 62; Ex. 63; Ex. 64; Ex. 72; Ex.73; Ex. 74; Ex. 75; Ex. 86 (Q4 2019 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 87 (Q3 2019 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 88 (Q2 2019 LBRY Quarterly Credit

Report – excel spreadsheet); Ex. 89 (Q1 2019 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 90 (Q4 2018 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 91 (Q3 2018 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 92 (Q2 2018 LBRY Quarterly Credit Report – excel spreadsheet); Ex. 93 (Q2 2017 LBRY Quarterly Credit Report – excel spreadsheet).]

110. In 2017-2018, LBRY paid contractors and employees part of their salaries in LBC. [Ex. 1, Answer ¶23; Ex. 16 at 59:12-22.]
111. In September 2015, before the launch of the LBRY protocol or LBRY’s ability to transfer LBC, LBRY contracted with one of its founders to provide a right to convert its LBRY equity into LBC. [Ex. 8 Errata Sheet, at 2; Ex. 84 at 28:8-29:20; Ex. 115 (Equity Right: Credit Conversion summary).]
112. LBRY paid one employee entirely in LBC. This employee described himself as an “investor” in LBC. [Ex. 16 at 59:12-22; Ex 55.]
113. Starting in 2018, LBRY sold LBC to employees through the “LBRY team member LBC purchase program.” Employees bought LBC at a discount, paying cash deducted directly from their paychecks. [Ex. 8 at 236:4-19; 237:15-238:3, 242:10-21; Ex. 20 at 67:5-68:18; Ex. 56 (LBRY spreadsheet listing employees in Employee LBC Purchase Program – redacted).]
114. From 2018 through 2020, LBRY has sold more than 1.4 million LBC through its employee purchase program. [Ex. 20 at 67:5-68:18; Ex. 62; Ex. 63; Ex. 64; Ex. 72; Ex. 86; Ex. 87; Ex. 88; Ex. 89; Ex. 90; Ex. 91.]
115. LBRY did not restrict or limit how the employees could dispense or sell the LBC they purchased. [Ex. 15, Response No. 13; Ex. 20 at 67:5-68:18.]



116. LBRY also offered and sold LBC to users, software testers, and software developers in exchange for their time, labor, and services. [Ex. 6 at 215:6-22; Ex. 83 (LBRY's Website Excerpt: "Credit Policy and 3<sup>rd</sup> Quarter Credit Report."); Ex. 109 (LBRY's Website Excerpt: "Our Christmas Surprise!" by Mike Vine, dated December 24, 2015); Ex. 110 (LBRY's Website Excerpt: "Tipping in LBC," by Samuel Bryan, May 12, 2016); Ex. 112 (LBRY's Website Excerpts: Various Quarterly Reports); Ex. 125 (Excerpts from LBRY's Amended Responses and Objections to First Requests for Admissions), Response No. 2.]
117. From 2015 through the present, LBRY promised and issued more than 142 million LBC through various incentive programs from its Community Fund. [Ex. 68, Amended Response No. 5.]
118. LBRY has not limited how the recipients could dispense or sell LBC they received through any of LBRY's incentive programs. [Ex. 15, Response No. 13; Ex. 20 at 99:2-13, 105:19-106:5.]
119. LBRY uses the LBC that it retained for its own use to pay its staff and fund the development of a network of applications that use the LBRY Protocol (the "LBRY Network"). [Ex. 1, Prelim. Statement, ¶¶11, 12; Answer ¶17; Ex. 15, Response No. 10.]
120. LBRY did not file a registration statement under the Securities act with respect to its offering of LBC. [Ex. 1, Answer, ¶¶ 7, 41.]
121. LBRY has used all of the proceeds from its sales of LBC solely for the purpose of funding activities in support of the development, promotion, and growth of LBRY, the LBRY Network, and the LBRY community. [Ex. 15, Response No. 10.]

122. All of the U.S. Dollar proceeds from LBRY's sales of LBC were pooled together in LBRY's bank accounts. [Ex. 22 at 131:12-15; Ex. 106, Response No. 30.]
123. LBRY used those bank accounts to fund all of LBRY's operational expenses. [Ex. 22 at 132:9-18.]
124. LBRY was the largest holder of LBC, which it had retained and stated would be worth billions of dollars after it built the LBRY Network to scale. [Ex. 1, Answer ¶11; Ex. 47 (LBRY's LBC Value Model & Projected Value of its LBC Reserve or Pre-mine); Ex. 48 (August 9, 2016 e-mail from Jeremy Kauffman re: Betting on Laws of Economics; attaching "lbry-deck.pdf"); Ex. 49 (November 10, 2020 e-mail from Jeremy Kauffman re: \$11 million in 11 sentences); Ex. 50 (LBRY investor pitch deck outline & talking points); Ex. 51 (LBRY Play, Share, Earn deck.)]
125. LBRY also did not generate enough revenue to operate its business without the sale of its LBC, and depended on selling LBC on trading platforms to generate money for continued development of its enterprise. [Ex. 8 at 184:16-20; Ex. 22 at 148:20-155:6; Ex. 113 (LBRY Profit and Loss Table, January 2018 – March 2021); Ex. 114 (LBRY Profit and Loss Table, March – October 2021).]
126. LBRY maintained and repaired the LBRY Network systems. [Ex. 6 at 21:7-13, 111:10-25, 143:15-144:6, 158:15-159:9.]
127. In a May 3, 2016 post titled, "Art in the Internet Age," LBRY stated that "Services are what actually make the LBRY protocol *useful*. While the LBRY protocol determines what is possible, it is the services that actually do things." [Ex. 117; Ex. 23 (to show date).]

128. LBRY told the public, in a September 28, 2016 post on its website titled, “Answers to Big Questions from Our Reddit AMA” (authored by Mike Vine), that “the LBRY project is more than just a revolutionary new protocol. It is also a company, *LBRY, Inc.*, which is developing a *LBRY app* to allow users to easily interact with the protocol. So it’s as if Google had developed the email protocol, released it to the world for free, then built Gmail to help people make use of it.” [Ex. 30 at 3.]
129. On August 8, 2016, in a post titled “ShapeShift Adds LBRY Credits! Instant Conversion to Bitcoin, Ethereum, and More” LBRY<sup>3</sup> discussed the ability to trade LBC on digital asset trading platforms Bittrex and Poloniex. LBRY wrote, “This gave cryptocurrency markets global access to LBC. As a result, the appcoin’s [LBC’s] value has gone from essentially nothing to today’s trading price of about US\$0.26.” LBRY also discussed the ability to “exchange [one’s] preferred digital currency for LBRY Credits (LBC) instantly” via the ShapeShift service. “Listing on ShapeShift is expected to bring additional depth and liquidity to LBC.” They stated that it was “big news for LBC as a digital asset....” [Ex. 118 (LBRY web post titled, “Shapeshift Adds LBRY Credits! Instant Conversion to Bitcoin, Ethereum, and More,” dated August 8, 2016).]
130. LBRY’s social media spokesperson publicly identified himself as an “investor” in LBC and expressed on a social media site to LBC traders, “I want the price [of LBC] to be higher just as much as anyone else....” [Ex. 119 (Reddit post titled “What legitimate issues/concerns have you come across about this project?” and thread from March 2018) at 4.]

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<sup>3</sup> As described in Ex. 118, the post author “Samuel Bryan” is really “a collaboration between LBRY team members.”

131. On July 4, 2016, in an article entitled, “LBRY Launches Blockchain-Based Creator-Controlled Content App, New Appcoin” LBRY’s “technology evangelist” is quoted as saying, “We’ve been building for over a year and now we’re going live with a user app and a new cryptocoin....” [Ex. 120 (Web article authored by Joel Valenzuela, titled “LBRY Launches Blockchain-Based Creator-Controlled Content App, New Appcoin,” dated July 4, 2016).]
132. In a July 11, 2016 article stated that “As Vine points out, companies that might not charge for subscriptions, like Youtube, still make consumers pay with their time by making them watch ads. LBRY has taken a different approach to making money: It hold 10 percent of the credits to cover operational expenses and profits, essentially meaning it holds an equity stake in the protocol and only incentivizing the LBRY [sic] to increase the network’s value for consumers.” [Ex. 121 (Web article authored by Olivia Vanni titled, “LBRY’s Blockchain-Based Netflix-Killer is Now in Beta,” dated July 11, 2016).]
133. On October 22, 2015, LBRY announced that Mike Vine was its new “Technology Evangelist.” The announcement post stated that “Vine will be charged with explaining the value proposition of what looks to be among the first-released of a new generation of “cryptoapps” based on Bitcoin’s blockchain architecture.” [Ex. 122 (LBRY web post titled, “Mike Vine Joins LBRY as Technology Evangelist,” dated October 22, 2015).]
134. In a document written as a pitch to potential LBRY investors, LBRY CEO Kauffman wrote that “LBRY makes money via our self-created blockchain (worth billions at scale)....” [Ex. 49.]
135. In an Odyssey pitch deck, LBRY detailed “How we make money.” It wrote that “Selling LBC” was one of the ways it made money that “LBRY holds 325,000,000 LBC” and “1

LBC could be worth \$100 or more if LBRY becomes protocol of choice for media distribution.” [Ex. 123 (Odyssey-branded LBRY Investor Pitch Deck).]

136. LBRY represented to these investors that LBC had “a value proportional to the sum of all information transacted on the network . . . [and that] the most reasonable path to profit is to reserve a portion of [LBC] . . . [and that] if any significant portion of the \$2 trillion media market happens through the LBRY network [the] credits [i.e., LBC] will hold significant value.” [Ex. 123.]
137. Similarly, LBRY provided a pitch deck to venture capital firms in which LBRY represented that the value of the LBC in its Operational Fund would represent billions of dollars in value to LBRY once LBRY scaled up its network, that is LBRY expected that the price of LBC would increase as LBRY built out the network. [Ex. 59, 123]
138. In a deck of promotional slides sent to a potential venture capital investor on August 9, 2016, entitled “LBRY: Play, Share, Earn.” LBRY discussed its “Business Model.” The Business Model slide stated that “Credits” [LBC] were the short, medium, and long term of that Model. LBRY highlighted that it has “Coverage in business/tech/crypto publications” and “LBC openly traded on currency exchanges.” [Ex. 48 at 2, 11, 13.]
139. LBRY created the “LBRY Pln.” The Plan purports to lay out LBRY’s “vision, mission, strategy, team, status, and objectives.” LBRY stated that its mission was to “Create a market for accessing and publishing information that is global, decentralized, robust, optimal and complete” As part of its “Business Model,” LBRY stated that “the most reasonable path to profit [for LBRY] is to reserve a portion of the cryptocurrency.” For potential investors, LBRY described two “Exit[s].” The first, “Liquidation,” stated that “Even a modest capture of the market represents tremendous value. Since LBRY’s most

significant asset will be its credits, it could simply liquefy these credits at a return of 10-10,000x on any investment.” The second, “Sale,” stated that, if acquired by another company, “LBRY could be anticipated to bring in the value of its credits outlined in the model above plus a decent premium.” [Ex. 2 at 3, 5, 9, 10.]

140. In June 2016, LBRY’s user application was limited to a computer “command line” where users needed to type in commands and did not have any kind of freely available graphical/visual interface to find videos. [Ex. 7 at 103:16-23; Ex. 8 at 42:7-15.]
141. LBRY’s user application was closed to the public until around August 2017. [Ex. 7 at 153:16-154:1; Ex. 8 at 176:8-23; Ex. 126 (LBRY web post titled, “Looking Back and Moving Forward: LBRY in 2017/2018”) at 2].

Dated: May 4, 2022

Respectfully submitted,

**SECURITIES AND EXCHANGE  
COMMISSION**

By its Attorneys,

/s/ Marc Jones

Marc Jones (Mass. Bar No. 645910)  
Eric A. Forni (Mass. Bar No. 669685)  
Peter B. Moores (Mass. Bar No. 658033)  
Senior Enforcement Counsel  
Boston Regional Office  
33 Arch Street  
Boston, MA 02110  
(617) 573-8947 (Jones direct)  
jonesmarc@sec.gov

**CERTIFICATE OF SERVICE**

I hereby certify that, on May 4, 2022, I caused true and correct copies of the foregoing to be served on counsel of record for all parties that have appeared to date through the Court's CM/ECF system.

/s/ Marc Jones

Marc Jones